GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2261
ANSWERED ON:14.12.2004
DUTY CUTS ON POLYMERS AND NAPTHA
Badiga Shri Ramakrishna

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

e:

(a) whether the Government has recently announced duty-cuts on polymers and naptha;

(b) if so, the details thereof;

(c) its likely impact on indigenous markets; and

(d) the steps taken that the benefits derived thereform are passed on to the consumers?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a)&(b): Yes, Sir. Customs Duty on specified polymers and naphtha, for manufacture of such specified polymers, was reduced by 5 percentage points, vide notification No. 103/2004-Customs dated 30th September, 2004. Details of changes made are as under: -

Sl.No.	Commodity	Reduction in Customs Duty	
		From	To
1	Polymers of ethylene, namely, LDPE, LLDPE, HDPE, LMDPE and LHDPE;Polymers and co-polymers of Propylene; Polymers and co-polymers of Styrene; Polymers of Vinyl Chloride	20%	15%
2	Naphtha for manufacture of Polymers mentioned at (1) above	10%	5%

(c): The above changes in Customs Duty were expected to reduce the landed cost of polymers, thus putting downward pressure on domestic prices of polymers. Reduction in customs duty on naphtha and feedstocks/building blocks was made to preserve the Customs Duty differential between polymers and their raw materials.

(d): The prices charged to consumers are determined by the market forces of demand and supply and depend on various factors such as cost of inputs, product quality, sales promotion cost, trade margins and taxes etc. There is no specific provisions in customs law for ensuring that reduction in duty is passed on to the consumers. However, the duty cuts made are expected to have sobering effect on polymer prices in the country and thus benefit the ultimate consumers.